



To the Mayor and Members of the City Council

March 22, 2022

Page 1 of 2

SUBJECT: LOCAL PREFERENCE PROGRAM IN THE PROCUREMENT OF GOODS AND SERVICES

On September 28, 2021, Informal Report 21-10676 was presented to City Council regarding Local Preference. The Informal Report described when the City is able to consider the location of a bidder's principal place of business when awarding contracts for goods and services under State Law.

State law generally requires awarding competitively procured contracts to the Lowest Responsible Bidder or the bidder who is determined to provide the City with the Best Value based on the criteria set forth in the bid document. State law explicitly allows, under certain conditions, for the City to consider a bidder's locality when evaluating bids based on lowest responsible bidder.

Local Preference allows a municipality to consider a bid from a bidder whose principal place of business is in the municipality and whose bid is within the 3%-5% (see chart below) of the lowest bid price received by the municipality from a bidder who is not a resident of the municipality. State Law establishes criteria of when Local Preference can apply based on the amount and type of contract amount.

Statutory Limits

Contract Amount	Goods and Real Property	Services (Non-Professional)	Construction Contracts
\$50,000 or less	No preference	No preference	No preference
\$50,000.01-\$99,999.99	5% preference	5% preference	5% preference
\$100,000-\$499,999.99	5% preference	5% preference	No preference
\$500,000 or more	3% preference	No preference	No preference

If the municipality receives a bid in which a Local Preference would apply, the municipality can either award to:

1. The lowest bidder; or
2. The bidder who is located in the municipality so long as the City Council determines in writing that:
 - a. The bidder is a local bidder;
 - b. The local bidder offers the best combination of contract price and additional economic development opportunities.

Lowest Responsible Bidder Procurements

On March 5, 2013, the City Council adopted a Local Preference ordinance based upon State Law for bids that are awarded to the Lowest Responsible Bidder with one change highlighted below:

Adoption of Local Preference by the City of Fort Worth

Contract Amount	Goods and Real Property	Services (Non-Professional)	Construction
\$50,000 or less	No preference	No preference	No preference
\$50,000.01-\$99,999.99	5% preference	5% preference	No preference
\$100,000-\$499,999.99	5% preference	5% preference	No preference
\$500,000 or more	3% preference	No preference	No preference

**To the Mayor and Members of the City Council****March 22, 2022**

Page 2 of 2

SUBJECT: LOCAL PREFERENCE PROGRAM IN THE PROCUREMENT OF GOODS AND SERVICES

As stated in IR 21-10676, the adopted ordinance excluded Local Preference for construction between \$50,000-\$99,999.99 since smaller construction projects are grouped together and procured through annual Job Order Contracts (JOC) and remodel contracts.

Best Value Procurements

As discussed in IR 21-10676, the City Code does not currently allow the use of Local Preference in bids using the Best Value evaluation criteria.

Staff Recommendations

After the IR was presented to Council last fall, the City Manager's Office and the Departments that manage construction projects met to explore whether Local Preference should be expanded for construction projects between \$50,000.01 - \$99,999.99 and for Best Value procurements.

After the discussions, Staff recommends revising the local preference ordinance to follow State Law for lowest responsible bidder procurements as outlined above.

In addition, Staff recommends adopting an ordinance that allows City Departments to consider Local Preference when awarding a contract for services using Best Value when appropriate.

Purchasing Staff will work with the City Attorney's Office to draft an ordinance and present it to the City Council for approval on April 26, 2022.

If you have any additional questions, please contact Cynthia Garcia, Assistant Director, at 817-392-8525 or Cynthia.Garcia@fortworthtexas.gov.

David Cooke
City Manager